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* THE HON. DR. U. KRISHNA RAO :—" All the benefits which the bus operators were getting under the quarterly system they will also get under the monthly system. Though the calculation is made for the quarter, the collection is by the month."

MR. SPEAKER :—" The question is—

' That the following draft of a rule proposed to be made by the Government of Madras under section 4 (2) of the Madras Motor Vehicles (Taxation of Passengers and Goods) Act, 1952 (Madras Act XVI of 1952), amending the Schedule to the said Act, be approved.

DRAFT RULE.

In the said Schedule, rule 1 shall be renumbered as sub-rule (1) of that rule, and to the rule as so renumbered, the following sub-rule shall be added, namely :—

" (2) The amount of the composition fee calculated with reference to clause (*a*) or clause (*b*) of sub-rule (1) shall be payable at the option of the operator either quarterly or in three equal monthly instalments." ' "

The motion was put and carried.

(2) AMENDMENTS TO THE MADRAS GENERAL SALES TAX (TURNOVER AND ASSESSMENT) RULES, 1939.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I move—

' *That the following draft amendments to the Madras General Sales Tax (Turnover and Assessment) Rules,* 1939 *(published with Revenue Department Notification No.* 818, *dated the* 12*th September* 1939, *at pages* 1–5 *of the Extraordinary issue of the* Fort St. George Gazette, *dated the* 15*th September* 1939, *as subsequently amended), which it is proposed to make in exercise of the powers conferred by section* 3, *sub-sections* (4) *and* (5), *of the Madras General Sales Tax Act*, 1939 *(Madras Act IX of* 1939), *be approved.*

Draft amendment (1) (ii) *relating to item* (cc) *in rule* 4 (3) *shall come into force on the* 1st *April* 1953.

DRAFT AMENDMENTS.

In the said rules—

(1) *in rule* 4 (3)—

(i) *for item* (a), *the following item shall be substituted, namely* :—

" (a) (i) *in the case of an electrical contract other than electro-plating contract* 20;

(ii) *in the case of electroplating contract* . . . 27 ";

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(ii) *for item* (cc), *the following item shall be substituted, namely* :—

" (cc) *in the case of textile dyeing and printing works contract* . . . 50 ";

(iii) *item* (e) *shall be relettered as item* (f) *and before the item as so relettered, the following item shall be inserted, namely* :—

" (e) *in the case of sculptural contracts and/or contracts relating to works of art* . . . 70 ";

(2) *in rule* 5 (1) (d), *the words " provided that separate accounts are kept for transactions in each of such goods " shall be omitted and the following proviso shall be added, namely* :—

" *Provided that if separate accounts are not maintained in respect of goods referred to in section* 4, *the turnover of the sales of the rest of the goods will be determined by the assessing authority to the best of his judgment, in accordance with the provisions of rule* 8 ";

(3) *in sub-rule* (4) *of rule* 5-A, *sub-rules* (2) *and* (4) *of rule* 13, *and sub-rules* (2), (3) *and* (4) *of rule* 15, *and in Forms* A-2, A-6, A-7, B, B-1 *and* B-2 *for the word " cheque " wherever it occurs, the words " crossed cheque " shall be substituted*;

(4) *in sub-rule* (2) *of rule* 6—

(a) *for the word " turnover " occurring in the two places, the words " net turnover " shall be substituted*;

(b) *for the words " within the first twelve months of the commencement of his business ", the words " in any year for the first time " shall be substituted*;

(5) *in sub-rule* (1) *of rule* 11, *paragraph* 2 *shall be omitted*;

(6) *delete in rule* 13—

(a) *to sub-rule* (1), *the following proviso shall be added, namely* :—

" *Provided that the Commercial Tax Officer of the district concerned may, in any case where he is satisfied that hardship is caused to a dealer by the application of the method of assessment described in rules* 7 *to* 12, *permit the dealer to change over to this method of assessment within the first three months of the year* ";

(b) *to sub-rule* (5), *the following proviso shall be added, namely* :—

" *Provided that if no return or returns have been submitted by the dealer as required by sub-rule* (2), *or if any return or returns submitted by him appear to the assessing authority to be incorrect or incomplete, the assessing authority shall, after making such*

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enquiry as he considers necessary, and after giving the dealer an opportunity as prescribed in rule 9 of proving the correctness and completeness of the return or returns submitted by him, determine the turnover to the best of his judgment and finally assess under a single order the tax or taxes payable under section 3, 5, or 8-B (2) or under any notifications issued under section 6 (1) for the preceding year";

(7) *in rule 18—*

(a) *for sub-rule (3), the following sub-rule shall be substituted, namely :—*

"(3) *Every such manufacturer shall submit so as to reach the registering authority not later than the 25th day of every month, a statement in Form A-9 in respect of the transactions relating to the previous month."*

(b) *in sub-rule (3-A), for the words, figures and brackets "If any such manufacturer submits the statement in Form A-9 referred to in sub-rule (3) after the last day of the month", the words, figures and brackets "If any such manufacturer fails to submit the statement in Form A-9 within the time specified in sub-rule (3)" shall be substituted;*

(8) in Form A-1—

(a) *for the words "I/We furnish below a statement showing my/our turnover / estimated turnover for the first twelve months of business. I/We commenced business on . . . ", the following shall be substituted, namely :—*

"*I/We furnish below a statement showing my/our turnover upto / estimated turnover for the first twelve months of business I/We commenced business . . .";*

(b) *for the words "I/We declare that to the best of my/our knowledge and belief the information furnished in the above statement is true and complete and that it represents my/our turnover / estimate of the turnover likely to be realized for the first twelve months of business", the following shall be substituted, namely :—*

"*I/We declare that to the best of my/our knowledge and belief the information furnished in the above statement is true and complete and that it represents my/our turnover / estimated turnover likely to be realised up to . . . . / for the first twelve months of business";*

(9) *in the Note to Form A-2, for item* (1) *and the entry against it, the following shall be substituted, namely* :—

"(1) *Where payment is made by cheque, the cheque shall be crossed and shall be such as under the Madras Treasury Code is receivable by the Government Treasury concerned.*" ;

(2) *for the Note to Forms A-6, A-7, B, B-1 and B-2, the following Note shall be substituted, namely* :—

"Note.—*Where payment is made by cheque, the cheque shall be crossed and shall be such as under the Madras Treasury Code is receivable by the Government Treasury concerned.*";

(10) *in Form A-9, for Note* (4), *the following Note shall be substituted, namely* :—

"(4) *The statement should be submitted so as to reach the registering authority not later than the 25th day of every month in respect of the transactions relating to the previous month.*" '

"Sir, in moving the above amendment, I have to submit that it is only in the light of experience gained in working the Act that we are trying to remove certain defects and hardships noticed, to the advantage of the assessee mostly. I shall explain briefly the reasons for the amendments. I may mention in regard to amendment (1) (i) that rule 4 (3) of the Turnover and Assessment Rules provides for deduction of a maximum of 20 per cent towards cost of labour in the case of an electrical contract. The Board of Revenue reported in consultation with the Director of Industries and Commerce that 'electroplating work' is a works contract for purposes of taxation under the Madras General Sales Tax Act and that in electroplating contract the cost of labour deductable for purposes of rule 4 (3) of the Turnover and Assessment Rules might be fixed at 27 per cent. Formerly it was 20 per cent and so this 7 per cent is to the advantage of the assessees.

"Regarding amendment (1) (ii), the existing rule 4 (3) of the Turnover and Assessment Rules provides that a maximum of 33-1/3 per cent may be deducted for charges towards cost of labour in the case of a dyeing works contract. While examining the request of certain Textile Dyers' and Printers' Associations for granting permanent exemption of dyeing and printing works from liability to sales tax, the Government considered that a deduction of 50 per cent instead of 33-1/3 per cent should be allowed towards cost of labour in the case of textile dyeing and printing works contract.

"Regarding amendment (1) (iii), in the case of sculptural contracts or contracts relating to works of art, no specific percentage of deduction is prescribed at present towards cost of labour. Such cases will, therefore, fall under 'other works contracts' mentioned in rule 4 (3) of the Turnover and Assessment Rules, and the percentage of deduction allowable is 30. The Board of Revenue reported that as the value of works of art and sculpture is dependent more on the skill in execution than on the cost of materials involved, a percentage deduction of 70 should be allowed towards the cost of labour in such cases.

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"In regard to amendment (2), section 4 of the Madras General Sales Tax Act as amended provides that the provisions of the Madras General Sales Tax Act shall not apply to electrical energy, motor spirit, etc., on which duty is or may be levied under special Acts like the Madras Sales of Motor Spirit Taxation Act, Prohibition Act, etc. Rule 5 (1) (*d*) of the Turnover and Assessment Rules, however, requires that the turnover in respect of these goods may be deducted from the gross turnover, for purposes of calculating sales tax on the net turnover, only if separate accounts are maintained for transactions in respect of such goods. There are cases here and there where separate accounts are not maintained. So there is scope for discretion on the part of the sales tax officers, but discretion cannot be used for assessment unless separate accounts are maintained. Now we have given discretion to sales tax officers that even if separate accounts are not maintained they will have to use their discretion in favour of the assessees.

"Regarding amendment (3), rules at present provide for payment of sales tax dues, etc., *inter alia* by cheque. An open cheque is being allowed towards payment of sales tax. But we find that it is quite risky to allow an open cheque. In the interests of both the assessees and the Government we propose to substitute 'crossed cheque' for 'cheque' as a measure of security.

"In regard to amendment 4 (*a*), rule 6 (1) of the Turnover and Assessment Rules speaks of the net turnover for purposes of submission of A-1 return, while rule 6 (2) makes mention of turnover only. For the sake of uniformity, it is proposed to insert the term 'net turnover' in the place of 'turnover' occurring in two places in rule 6 (2). With reference to amendment 4 (*b*), as rule 6 (2) stands at present, the dealer is bound to submit A-1 return which gives information to the Commercial Tax Department to make provisional assessment in the case of newly started business within the first 12 months of the commencement of this business. There have been cases here and there where they could not submit accounts within 12 months. It has worked hardship in some cases. So, it is proposed to amend rule 6 (2) of the Turnover and Assessment Rules so as to require a dealer to submit A-1 return as soon as his turnover reaches Rs. 10,000 in any year for the first time, that is, not necessarily within the first 12 months of the commencement of his business.

"Amendment (5) is consequent on the amendment dealt with under item 4 (*b*) above. In view of the amendment dealt with under 4 (*b*) above, there will not be cases of the kind referred to in paragraph 2 of sub-rule (1) of rule 11 of the Turnover and Assessment Rules. Hence this paragraph is proposed to be omitted.

"Regarding amendment 6 (*a*) there are two modes of assessment of dealers to tax under the Madras General Sales Tax Act:

(1) the method of assessment described in rules 7 to 12 of the Turnover and Assessment Rules; and

(2) the method described in rule 13 of the Turnover and Assessment Rules.

We are now trying to relax the rules. As strict adherence to the rule causes hardship in the cases of dealers who have a fall in their turnover when compared with the turnover of the previous year, it is proposed to empower the Commercial Tax Officer in cases where he is satisfied that the hardship is caused to a dealer by the application of the first method of assessment, to permit a change-over to the method of assessment described in rule 13 within the first three months of the financial year. The amendment seeks to give effect to this proposal.

"With regard to amendment 6 (*b*), when the dealer has failed to submit any return or submitted incorrect or incomplete returns, there is no provision in these rules to make a final assessment to the best of one's judgment after following the procedure laid down in rules 8 and 9 of the Turnover and Assessment Rules. It is proposed to set right the defect by adding a proviso to rule 13 (5) of the Turnover and Assessment Rules.

"*Amendment* (7), *rule* 16.—The amendments suggested are only formal. When rule 18 (3) of the Turnover and Assessment Rules was amended in 1951 dealt with in G.O. Ms. No. 614, Revenue, dated 16th March 1951, the previous amendment issued in G.O. No. 99, dated 11th January 1950, was not taken into account by mistake. The amendments are intended to set right the above drafting error.

"*Amendments* (8), (9) *and* (10) are consequential to the amendments suggested in items (4) (*b*), (3) and (7) above.

"So, Sir, as I have just explained these are the rules which are meant to be amended in the light of experience gained in the working of the Act during these years. It is only just to rectify these defects that these amendments have been proposed. I therefore request the House to accept the Rules."

MR. SPEAKER:—"The motion moved by the Hon. Minister is now before the House for discussion."

10 a.m. SRI PILLALAMARRI VENKATESWARLU:—"Sir, the Hon. Minister read a long statement, and it was not easy to follow all the implications. Much more explanation is necessary to make the hon. Members appreciate the need for these amendments. We take objection to the amendment to rule 4 (2) which adds leaf tobacco to the list of commodities to be taxed. The effect of this amendment is already being felt by the Members of this House who are accustomed to smoking. We could not get

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cigarettes in the open market; they have gone underground. There is no need to bring leaf tobacco within the purview of the Sales Tax Act.''

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—'' Sir, the hon. Member is making a mistake. The amendment to rule 4 (2) has not been moved at all.''

* SRI K. KRISHNA RAO :—'' From what I have been able to gather from the speech of the Hon. Minister, it looks as if he wants to increase the tax from the original rate to 20 per cent in the case of electrical contract and 27 per cent in the case of electroplating contract, because of the cost of labour for the manufacture, and all that. He has also increased the amount of exemption, i.e., the amount to be deducted from the income for price, cost of labour and all that. He has also told us that the figures have been arrived at on the basis of the report furnished by the Board of Revenue. What is happening is that there is increase in unemployment and wages have been drastically cut down in many occupations and professions. The actual deduction which he claims on behalf of the dealers does not represent the actual amount of increased wages paid to the workers. When that is so, how can he come before the House and ask for a reduction to be made in favour of the dealers on account of labour charges? Actually there is depression in wages and the people are trying to take advantage of the unemployment all round. I should like to know on what basis he is now increasing the amount that is to be exempted from the total turnover on account of labour. The Board of Revenue might have arrived at these figures on the basis of the conditions prevailing in 1949 or 1950. As things stand to-day and with decreased wages, I cannot understand why an increase in the amount of exemption should be given.''

* SRI VAVILALA GOPALAKRISHNAIAH :—'' అయ్యా. ఇందాక మంత్రిగారు మదరాసు జనరల్ టాక్సు (టర్నోవరు అండ్ ఎసెస్మెంటు) రూలు 1939 సవరణలకు అంటే యీ ప్రతిపాదన ఉపసంహరించుకుంటామని అన్నారు. అట్లా అయితే, అసలుదీన్ని drop చేశారా, లేక introduce చేసి, తర్వాత withdraw చేసుకున్నారా? నాకు సందేహము వచ్చింది. ఇది డబ్బుకు సంబంధించిన బిల్లు కాబట్టి అడుగుతున్నాను.

'' ఈ విషయంలో నేను యిదివరకు ఒకసారి మంత్రిగారికి ఈ press లలో జరిగే printing విషయంలోగాని, అచ్చువేసే విషయంలోగాని, కాగితాల విషయంలోగాని, ఏమి జరుగుచున్నదో చెప్తాను. కాగితాలు సప్లైచేసినపుడు ప్రిటింగుకు వేరే ధర, కాగితాలు సప్లైచేసినపుడు ప్రిటింగుకు వేరేధర, వుంటున్నవి అని చెప్తున్నాను. ప్రింటింగుమీదనే కాకుండా, కాగితాలమీదకూడా turnover tax వేసి వసూలుజేస్తున్నారు. ఇదివరకొకసారి ఈ point ను గురించి ప్రభుత్వ దృష్టికి తెచ్చాను. అప్పుడు దాన్ని గురించి consider చేస్తామని చెప్పారు. దానికోసం అసలు ఈ విషయం యేమిటో మరల ఒకసారి విశదముగా చెబుతాను. ప్రింటింగు ప్రెస్సులలో ప్రిటింగు చేయడం రెండువిధాలుగా జరుగుచున్నది. ఆర్డరు ఇచ్చేటప్పుడు ప్రెస్సువాళ్లు ప్రింటింగుచేయడం కాగితాల సప్లై, అంతా వాళ్లే చేయ

డమనేది ఒకటి. యింకొక్కటి ఏమిటంటే ప్రింటింగుమాత్రం ప్రెస్సువాళ్లు చేసేటట్లు కాగితాలుమాత్రం, ఆర్డరుయిచ్చి అచ్చువేయించుకొనేవాళ్లే సప్లైచేసుకొనేటట్లు ఈ రకంగా రెండువిధాలుగా ప్రింటింగు జరుగుచున్నది. కాగితాలు సప్లైచేయకుండా ప్రింటింగుమాత్రం చేస్తే, ప్రింటింగు ఖర్చువేస్తారు. ప్రెస్సువాళ్లే కాగితాలుకూడా సప్లై చేస్తే, కాగితాలు ఖరీదు వేరే, ప్రింటంగు వేరేచార్జి వేస్తారు. అట్లాంటప్పుడు కాగితాల ఖరీదు దానిమీద సేల్సుటాక్సు, ప్రింటింగుకు చార్జి, దానిమీద turnover tax ప్రభుత్వం ప్రెస్‌లనుండి వసూలుచేస్తున్నది. ఈ turnover charge కాగితాలమీద సేల్సుటాక్సుతో కూడా కలిసిన మొత్తముమీద టాక్సు పడుతున్నది. ఈ చిన్నవిషయం ప్రభుత్వం గుర్తించి దీన్ని మార్పుచేయుటానికి ప్రయత్నించాలి. ఒక జిల్లాకోర్టు తన తీర్పులో ఇట్లా వసూలు చేయటానికి వీలులేదని కూడా చెప్పింది.

"మరొక విషయం చెబుతాను ప్రెస్సువాళ్లు exercise books అచ్చువేసేటప్పుడు పుస్తకానికి పై అట్ట మాత్రమే ప్రింటింగుచేసివేస్తారు. అట్లాంటప్పుడు కాగితాలు సప్లయి ప్రెస్సు సప్లయి చేసినప్పుడు కాగితాలమీద sales-t x వేసి వస్తున్నవి. అక్కడ ఒక sales-tax యివ్వవలసియున్నది. ప్రెస్సువాళ్లు ఈ రాపర్ వేసి పుస్తకము కుట్టి యిస్తున్నప్పుడు తను చేసేది రాపరుమాత్రమే అయినా పుస్తకము మొత్తము ఖరీదు మీద turn over tax విధించి వసూలుచేస్తున్నారు. ఈవిషయం ప్రభుత్వం వారు గుర్తించాలని మనవి చేస్తున్నాను."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir,
10-10 a.m. in reply to the hon. Member Mr. Krishna Rao's allegation that nowadays very meagre wages are paid. I might say that even that has to be taken into consideration while assessments are made. I may say that these are not cases of wages paid " in general." Only particular types of concerns where these wages are paid are taken into consideration. For example, electro-plating work is a special work. We are not altering in general for all types of wages. Only for the types of work, we have come forward with amendment. Electro-plating is a special type of work, and the wages paid are expected to be high. So, instead of 20 per cent, we have deducted 27 per cent. In the case of textile dyers and printers, we consider that their cases have to be viewed rather sympathetically, particularly in view of the special circumstances of the trade. We have given a deduction of 50 per cent instead of 20 per cent. Again, in the case of sculptural contracts relating to works of art, we thought that art should be encouraged. That work was of a special type, and the wages paid therein were also high. Every wage earner and labourer cannot get into this type of work. So, we considered a special percentage of deduction was necessary in art. Therefore, we have given 70 per cent. These are the three types wherein we have given special concessions, and not in any other case as the hon Member seems to imagine.

" The hon. Member Vavilala Gopalakrishnaiah has not touched any of these three types. But he has gone out of the purview of the amendment. He said that special concessions are necessary for paper, and that we have to take that into consideration. I might

tell the hon. Member that it does not arise here. When the General Sales Tax Act is being amended, I shall certainly bear the suggestion of the hon. Member. Sir, with these words, I commend my motion to the acceptance of the House."

MR. SPEAKER :—" I shall now put the motion to the vote the House, The question is—

'That the following draft amendments to the Madras General Sales Tax (Turnover and Assessment) Rules, 1939 (published with Revenue Department Notification No. 818, dated the 12th September 1939, at pages 1–5 of the Extraordinary issue of the *Fort St. George Gazette*, dated the 15th September 1939, as subsequently amended), which it is proposed to make in exercise of the powers conferred by section 3, sub-sections (4) and (5), of the Madras General Sales Tax Act, 1939 (Madras Act IX of 1939), be approved.

Draft amendment (1) (ii) relating to item (*cc*) in rule 4 (3) shall come into force on the 1st April 1953.

DRAFT AMENDMENTS.

[Vide pages 755–758 supra.]' "

The motion was put and carried.

(3) REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS FOR 1948–49.

* THE HON SRI C. SUBRAMANIAM :—" It is agreed that this item may be taken up as the last item in this session. So, the next item on the Agenda may be taken up now."

III.—GOVERNMENT BILLS—*Cont.*

(2) THE MALABAR TENANCY (AMENDMENT) BILL, 1953.

THE HON. SRI K. P. KUTTIKRISHNAN NAIR :—" Mr. Speaker Sir, . . ."

SRI T. C. NARAYANA NAMBIAR :—" Sir, on a point of order. Rule 70 (1) of the Madras Legislative Assembly Rules says—

'79. (1) At any time after the expiry of six days from the publication of a Bill in the Gazette, the member-in-charge of the Bill may make one of the following motions in regard to his Bill, namely :—

"(*a*) that it be taken into consideration by the Assembly either at once or at some future day to be then specified ; or . . . " '

I am also aware of rule 115 under which the Hon. Speaker can waive the period of notice. But this is not mandatory. It is left to the discretion of the Hon. Speaker. My submission is that in view of the fact that we had no time to study the Bill and in